



COMMONWEALTH of VIRGINIA


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TREASURER OF VIRGINIA

Department of the Treasury

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MEMORANDUM

to: Agency Transportation Officers and Risk Managers
from: Don LeMond, Director 
subject: *LeaseCare*
Physical Damage Coverage for Privately Leased Vehicles

Effective July 1, 2007 DRM will provide physical damage coverage for agencies that select *LeaseCare* for their vehicles leased from private rental companies such as Enterprise, Avis, Budget, etc.

LeaseCare is an elective Vehicle Comprehensive and Collision Damage coverage for state agencies, political subdivisions and other organizations enrolled in a Division of Risk Management program. *LeaseCare* is not to be confused with *CarCare*, the elective comprehensive and collision program for state-owned vehicles.

LeaseCare provides—for a premium—coverage for damage to authorized leased vehicles by fire, weather, vandalism, animal damage, glass breakage and similar events as well as damage due to collision or theft up to the actual cash value of the leased vehicle. *LeaseCare* is for vehicles used on authorized business. Personal use of leased vehicles is not covered.

The annual premium is 10% of your auto liability premium with a minimum premium of \$1,000 and a \$1,000 deductible. The premium covers unlimited use of privately leased vehicles; long term or short term day rentals, or full fleet rentals. The coverage is world wide.

A copy of the *LeaseCare* coverage outline is attached. Please review it and notify Joyce.Palmer@trs.virginia.gov before April 30, if you want the *LeaseCare* for FY08. You will be billed June 1.

Attachment: *LeaseCare* document ★ ★ ★

LeaseCare

Comprehensive and Collision Coverage For Leased Vehicles

WHAT IS THIS?

LeaseCare is an elective program of comprehensive and collision coverage for private vehicles **Leased** by state agencies, political subdivisions and other organizations enrolled in a Division of Risk Management program.

LeaseCare provides—for a premium—coverage for damage to authorized leased vehicles from fire, weather, vandalism, animal damage, glass breakage and similar events as well as damage due to collision or theft.

LeaseCare is not to be confused with CarCare the auto physical damage program for state-owned vehicles.

For State Agencies *CarCare* and ***LeaseCare*** are services of the Commonwealth Property Insurance Plan. They are **not** the Commonwealth Risk Management Plan for liability.

WHO IS ELIGIBLE?

State agencies, political subdivisions or other approved organizations enrolled in DRM programs using leased vehicles for authorized and official business are eligible for enrollment.

Only properly licensed and authorized operators are covered under this program.

WHAT IS COVERED?

LeaseCare reimburses for the repair or replacement of covered losses to a leased vehicle while it is in the care, custody and control of state agencies, political subdivisions or authorized organizations while on official business of the organization. Personal use of leased vehicles is not covered.

LeaseCare provides coverage up to the actual cash value of the vehicle as it was originally manufactured limited to \$35,000. Most passenger cars, minivans and SUVs licensed for road use are covered, but some restrictions may apply. For example, off road use of SUVs is not covered. The coverage is secondary to any other valid and collectible insurance from any other source.

COVERAGE INCLUDES:

- Physical damage to the covered vehicle.
- Theft of the covered vehicle.
- Reasonable and customary towing charges, due to a covered loss, to the nearest qualified repair facility.
- Daily “loss of use” charges while vehicle is being repaired.

WHAT IS NOT COVERED. EXCLUSIONS:

- Liability. Coverage is for damage to the leased vehicle and loss of use.
- Any violation of the leasing agreement, agency or Commonwealth travel procedures or this program.
- Loss or theft of personal belongings.
- Expenses assumed, waived or paid by the leasing state agency, political subdivision or other organization, or their insurer.
- Cost of any insurance or collision damage waiver offered by or purchased through a leasing company or insurance company.
- Expenses reimbursable by any state agency, political subdivision or other organization or their insurer.
- Injury of anyone inside or outside of the leased vehicle.
- Wear and tear, gradual deterioration or mechanical breakdown.
- Tires
- Loss due to intentional acts or due to the operator(s) being under the influence of alcohol, intoxicants or drugs of any nature, or due to contraband or illegal activities, or activities not authorized by the agency.
- Damage due to improper maintenance.
- Loss due to off-road operation.
- Loss due to hostility of any kind.
- Confiscation by authorities.
- Loss or damage as a result of the operator’s lack of reasonable care in protecting the leased vehicle before and after damage occurs. For example, leaving the vehicle running and unattended.
- Losses reported more than fifteen (15) days from the date of loss.
- Losses where a claim form has not been completed and received within thirty (30) days from the date of the loss.
- Losses for which all required documentation has not been received within ninety (90) days of the loss.
- Losses in a foreign country unless formally documented by signed authorization from appropriate agency official.
- Damage to vehicles prior to lease use.
- Leasing of trucks, campers, trailers, off-road vehicles, motorcycles, motor scooters, motor bikes, recreational vehicles, convertibles, exotic vehicles or luxury vehicles.

WHEN AND WHERE AM I COVERED?

This coverage is available on an annual basis only and covers unlimited leasing by the agency or its employees throughout the United States and Approved Foreign Countries.

Coverage is in effect while the leased vehicle remains in the care, custody and control of the agency and operated by a properly licensed person permitted to use the vehicle in accordance with the leasing agreement and with the authorization of the agency.

Coverage terminates when the leasing company assumes control of the vehicle.

CAUTIONS

- Decline any leasing company collision damage waiver. If this coverage is accepted from the leasing company, the cost of accepting such waiver will be the responsibility of the agency leasing the vehicle.
- Check the vehicle for damage before accepting the leased vehicle. Formally note the inspection. Lack of evidence of inspection may void coverage.
- Check the vehicle for damage before turning it in. Formally note the inspection. Lack of evidence of inspection may void coverage.

WHAT IF THERE IS AN ACCIDENT OR THE LEASED VEHICLE IS STOLEN?

Immediately notify the authorized claim service firm and the leasing company.

As soon as possible obtain or ask for:

- A copy of the Accident Report Form or any similar claim document.
- A copy of the agency or employee vehicle leasing agreement.
- A copy of the repair estimate or itemized repair bill.
- A photograph of the damaged vehicle, if available.
- A police report, if obtainable.

CLAIMS

The operator or the agency must report the claim to the authorized claim service firm no later than fifteen (15) days from the date of loss or the claim may be denied. Claim forms must be received no later than thirty (30) days from the date of the loss and full claim documentation must be received no later than ninety (90) days from the date of the loss.

File a claim immediately in order to avoid a denial of coverage.

Further, the program reserves the right to deny any claim that contains charges or expenses that would not have been included had the program been notified before those charges or expenses were incurred.

It can be difficult or slow to obtain all the required documents within the allowable periods of time. Report the loss and submit any information or documentation as soon as it is available.

IS ANYTHING ELSE REQUIRED?

Usually not.

ENROLLMENT

All coverage is on an annual basis. No short term agreements or individual trip coverage is available.

1. State agencies will receive an elective invoice for 10% of its current automobile liability premium with a minimum premium of \$1,000.
2. If the agency elects to pay the premium, coverage will commence retroactively to the first day of the month in which the premium is received.
3. If the agency does not want to enroll in the *LeaseCare* program, simply do not pay the invoice.
4. Once the invoice is paid, the agency will be covered for incidental damages to any leased vehicle used by the agency during the coverage period. This includes agency assigned vehicles, fleet vehicles or vehicles leased by agency employees while on official business. Coverage includes long and short-term leases.
5. Political subdivisions and other eligible organizations should request an application for enrollment.

PREMIUM

The first year is 10% of the agency's annual automobile liability premium, subject to a minimum of \$1,000. Agencies not billed for automobile liability previously will be charged \$1,000.

DEDUCTIBLE

\$1,000 per accident.

The \$1,000 per accident deductible will also apply to state agencies that carry larger property insurance deductibles.

WHY ENROLL IN *CarCare* and *LeaseCare*?

Quite simply, to save on the cost of repair.

If car repairs seem to cost more than they used to, it's because they do. The increasingly sophisticated design of cars, along with new equipment, gadgets and widgets such as back-up video cameras on taillights and multiple airbags make them more expensive to repair. Xenon headlights alone can cost up to \$3,000 a pair.

Another factor in the growing cost of repairs is that manufacturer's are assembling body parts in units. Instead of replacing a small defective or damaged part, a whole section of the car may have to be replaced. The computerization of cars can complicate what would seem to be a simple repair job. Labor costs have also increased dramatically in the last decade, often doubling.

The popularity of some models increases the cost. Can you imagine paying \$5,000-\$6,000 for a new bumper? The Insurance Institute for Highway Safety found that some popular SUV bumpers incur expensive damage in impacts at little more than "walking speed" or five miles an hour. One model cost \$5,107 to repair, while another cost \$6,682; and that was five years ago!

Enrolling your agency state-owned auto in CarCare and your agency leased autos in LeaseCare, can provide your budget with a known cost for the year. Your total agency auto expenses a certain number. There will be no unexpected hits on the budget due to an accident or unexpected event—Tropical Storm Gaston resulted in more than 65 state vehicles being lost due to flooding. Had they been enrolled in CarCare, the full cost of replacing those vehicles would have been paid.